

# Social Protection Systems in Latin America and the Caribbean: Mexico

by Enrique Valencia Lomeli,  
University of Guadalajara

**In terms of rights**, the Mexican social protection system (MSPS) has been relatively ineffective; it is incomplete, weakly integrated, segmented and stratified, weak in terms of labour protection and conservative in its gender approach, and, furthermore, it is also fiscally weak. Alongside social security and educational organisations, institutions of social protection for poor people have recently been created. However, enormous challenges still remain for the MSPS to guarantee social rights. Limited advances in the progressivity of rights, which have come with the creation of new institutions, may maintain levels of profound inequality, without the universalisation of benefits.

The relative ineffectiveness of the MSPS is reflected in the steady rate of poverty in recent decades (between 1992 and 2012 income poverty barely dropped less than one percentage point, from 53.1 per cent to 52.3 per cent). Also, despite advances in social indicators, Mexican society still has high indices of inequality (with a Gini coefficient of 0.498 in 2012).

The MSPS is incomplete in its general structure and coverage: it has a long and slow history of coverage by social security institutions (70 years after it was implemented, in 2013, only 41.7 per cent of the population was affiliated with social security) and of basic education. Though there is no form of unemployment benefit yet, the new government of Enrique Peña Nieto has proposed an 'unemployment insurance' that will start with very limited coverage. Additionally, child-care establishments are remarkably weak (in 2013, public nurseries only cared for 2.9 per cent of children 6 years of age and under), and medical services and pension schemes are full of gaps in their coverage and services (in 2013, 22.7 per cent of the population was not affiliated with any medical insurance scheme; nearly half of the economically active population are excluded from contribution-based pensions).

The MSPS is significantly segmented and stratified. The first segments to be developed were the contributory segments of the social security system, followed by the segments of social protection for poor people: voluntary health insurance through *Seguro Popular* (which covered 34.7 per cent of the population in 2013); minimum non-contribution-based pensions for those over 70 years of age; since then, the 2013 national law which extended such pensions for those over 65 years of age; and conditional cash transfers, most of all those of the *Oportunidades* programme. For example,

the contributory pension system consists of over 100 non-integrated hierarchical fragments with benefits depending on different types of workers and categories of civil servants. The new institutions for poor people (also segmented) are disintegrated from the contributory segments and are characterised by less generous benefits: in 2010, the larger contributory pensions were 291 times larger than the non-contributory ones for seniors over the age of 70. In regards to health care coverage, the *Seguro Popular* scheme only covers 13 per cent of the diagnoses specifically included within the social security coverage categories. Thus, many services are not covered by the scheme. These segmented, disarticulated and stratified structures have created a variety of social citizenships with unequal social rights.

The MSPS also fails to adequately provide protection for labour, due to a labour law that is seldom applied or to the tardiness of court decisions in labour cases, and to a system of minimum wages that is used as an instrument for keeping inflation down (between 1976 and 2001 the real minimum wage fell by 77 per cent, and between 2001 and 2010 it hardly changed); it is also conservative in its gender-based approach because it tends to strengthen women's familialisation (especially with respect to unremunerated care activities).

Finally, the MSPS is fiscally weak. The fiscal burden of the Mexican economy remains very low, with a historical resistance by economic elites to paying higher taxes. Consequently, the social commitment (budgetary allocations) of the State is very low in comparative terms, although social expenditures have increased in recent years (in 2010 it reached 11.2 per cent of Gross Domestic Product).

## References:

CONEVAL (2013). 'Medición de la pobreza', Consejo Nacional de Evaluación de la Política de Desarrollo Social website, <<http://www.coneval.gob.mx/Medicion/Paginas/Medici%C3%B3n/Pobreza%202012/Pobreza-2012.aspx>> (accessed 22 October 2014).

ECLAC (2014). 'Programas de transferencias condicionadas. Base de datos de programas de protección social no contributiva en América Latina y el Caribe', Economic Commission for Latin America and the Caribbean website, <<http://dds.cepal.org/bdptc/>> (accessed 22 October 2014).

INEGI (2014). *Encuesta Nacional de Empleo y Seguridad Social 2013*. Mexico, Instituto Nacional de Información Estadística y Geográfica.

Valencia Lomeli, E., D. Foust Rodríguez and D. Tetreault Weber (2012). 'Sistema de protección social en México a inicios del siglo XXI', *Documento de proyecto*, No. 474. Santiago de Chile, Economic Commission for Latin America and the Caribbean.

This One Pager is a partnership between the IPC-IG and ECLAC.